



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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**DARLENE GREEN**  
Comptroller

***Internal Audit Section***

**DR. KENNETH M. STONE, CPA**  
Internal Audit Executive

Date: March 17, 2011

Mr. Dennis Jenkerson, Fire Chief  
St. Louis Fire Department  
1421 North Jefferson Avenue  
St. Louis, MO 63106

RE: Fixed Assets Review (Project #2011-21)

Dear Mr. Jenkerson:

Enclosed is the Internal Audit Section's fixed assets review report of the St. Louis Fire Department for the period of September 1, 2009 through August 31, 2010. A description of the scope of our work is included in the report.

Fieldwork was completed on November 5, 2010. Management's responses to the observations and recommendations noted in the report were received on February 25, 2011 and have been incorporated into the report.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Respectfully,

Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure



# CITY OF ST. LOUIS

**FIRE DEPARTMENT**

**FIXED ASSETS REVIEW**

**SEPTEMBER 1, 2009 THROUGH AUGUST 31, 2010**

**PROJECT #2011-21**

**DATE ISSUED: MARCH 17, 2011**

**Prepared by:  
The Internal Audit Section**



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
FIRE DEPARTMENT  
FIXED ASSETS REVIEW  
SEPTEMBER 1, 2009 THROUGH AUGUST 31, 2010**

**EXECUTIVE SUMMARY**

**Purpose**

The Internal Audit Section (IAS) has completed a review of fixed assets for the St. Louis Fire Department. The purpose was to determine if the St. Louis Fire Department effectively and efficiently manages risks to ensure:


- Compliance with applicable laws, regulations, policies and procedures
- Safeguarding of assets
- Reliability and integrity of Fixed Assets Property Listing reports
- Economic and efficient use of resources

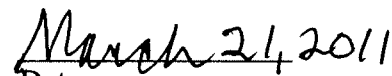
**Conclusion**

The opportunity exists for the St. Louis Fire Department to improve internal controls over fixed assets and property control items. The following are observations resulting from the review:

1. Opportunity to improve internal controls over fixed assets and property control items
2. Opportunity to update the Fixed Asset Property Listing (FAPL)

Each of these observations is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

  
Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

  
Date

**CITY OF ST. LOUIS  
FIRE DEPARTMENT  
FIXED ASSETS REVIEW  
SEPTEMBER 1, 2009 THROUGH AUGUST 31, 2010**

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## **INTRODUCTION**

### **Background**

The St. Louis Fire Department (Fire Department) is committed to the preservation of life, property, and the environment by effectively and efficiently meeting the emerging public safety and welfare needs of our diverse community. The Fixed Assets Management System (FAMS) is the City of St. Louis' means of tracking fixed assets. These assets must have an initial purchase value of \$5,000 or more, be tangible in nature, and possess a useful life of more than one year.

Property control items are defined as items that do not meet the above criteria, but are fixed assets that need to be accounted for. These items usually have an initial purchase price of \$1,000 or more or may consist of computer equipment of significant value.

### **Purpose**

The purpose of the review was to determine if the Fire Department effectively and efficiently manages its fixed assets and property control items to ensure:

- Compliance with applicable laws, regulations, policies and procedures
- Safeguarding of assets
- Reliability and integrity of fixed assets property listing reports
- Economic and efficient use of resources

### **Scope and Methodology**

The review was confined to evaluating Fire Department's internal controls over the operational and fiscal activities pertaining to FAMS. The review procedures included inquiries of management and staff, observations of relevant processes, and reviews for compliance with policies and procedures, as well as applicable laws and regulations. Limited tests of controls, follow-ups on prior audit observations, and other procedures considered necessary were performed.

### **Exit Conference**

An exit conference was conducted at the Fire Department on February 10, 2011. The Fire Department was represented by Captain Paul Davis, Deputy Chief Paul Arras, and Battalion Chief John Altmann. The Internal Audit Section was represented by Craig Frazier, Auditor-in-Charge and Dr. Ishmael Ikpeama, Internal Audit Supervisor.

### **Management's Responses**

Management's responses to the observations and recommendations noted in this report were received from the Fire Department on February 25, 2011. The responses have been incorporated into this report.

## OBSERVATIONS

### Status of Prior Observations

Internal Audit Section followed-up on the following observations included in the Fire Department's audit report issued April 18, 2006. The status of each observation is as follows:

1. Opportunity to tag fixed assets and property control items (**Resolved**)
2. Opportunity to maintain a comprehensive internal records/listing (**Resolved**)
3. Need to perform and properly document annual physical inventory (**Resolved**)
4. Opportunity to update the fixed asset property listing (**Not Resolved – see current observation # 2**)
5. Opportunity to improve control over equipment assigned to employees and vendors (**Resolved**)

### Summary of Current Observations

Opportunity exists for the Fire Department to improve internal controls over fixed assets. The following are the observations resulting from the review:

1. Opportunity to improve internal controls over fixed assets and Property Control Items
2. Opportunity to update the Fixed Assets Property Listing (FAPL) (**Repeated**)

This observation is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

## **DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES**

### **1. Opportunity To Improve Internal Controls Over Fixed Assets**

None of the Fire Department's fixed assets and property control items observed during the review had city identification tag attached. In addition, three stainless steel stoves at firehouses 12, 23, and 35 respectively, a decontamination tent at the Fire Department Headquarters, a HUSH air compressor and a breathing air compressor located at the Fire Department repair shop did not have a serial number.

Section 210.14 of the FAMS policies and procedures manual states that all fixed assets and property control items owned by the City of St. Louis shall have an identification tag attached in a uniform and consistent location. The identification will provide positive ownership identification of the City owned fixed assets.

In addition, each fixed asset is identified buy a unique serial number.

Fire Department does not have a system of internal control in place to ensure that all of its fixed assets and property control items have serial number and City identification number attached.

The lack of control over the fixed assets and property control items increases the risk that they may be misused, lost or stolen.

#### **Recommendation**

It is recommended that all City owned fixed assets and property control items of the Fire Department are identified by a serial number and a city identification number.

#### ***Management's Response***

*We will ensure that all of our Fixed Assets are properly identified with either a serial number or a property identification tag.*

## **2. Opportunity To Update The Fixed Assets Property Listing**

It was observed that five of the 19 walkabout computers listed on FAMS' Fixed Assets Property Listing (FAPL), were not in working condition and were considered scrapped by the Fire Department. They were stored at the Fire Department repair shop.

According to Section 215.08 of the FAMS Policies and Procedures Manual, when a fixed asset or a property control item is scrapped it must be removed from FAPL by completing FAMS' Asset Retirement Data Form.

The Fire Department does not have a system of internal control in place to ensure that all scrapped or surplus fixed assets and property control items are removed from FAPL and returned to the City Supply Division by completing FAMS' Asset Retirement Data Form.

Fire Department is not in compliance with the Section 215.08 of the FAMS Policies and Procedures Manual.

### **Recommendation**

IAS recommends that the Fire Department:

Complete FAMS' Asset Retirement Data Form for the five scrapped walkabout computers and forward it to the Comptroller's Office to remove these items from the Fire Department's FAPL and return them to the City Supply Division.

### ***Management's Response***

*We will improve our record keeping ensuring that all items that are surplus or retired are removed from the assets list.*